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THERE'S A NEW LOOK*

The food business, like womens' hats, is taking on a new look. From the farm and orchard, through the processing plants and markets and finally to the store shelves, new ideas are continually appearing. New packaging is making food more attractive to the consumer's eye, new methods of field packing are bringing more fresh produce to the warehouse and new processing methods are making good foods even better. All this is in evidence each time you visit your food store.

This afternoon, I would like to make a few remarks on one particular phase of the food merchandising chain, namely produce growing and packing.

The food industry is one of the most demanding, rewarding and useful businesses in the world. It is also the largest, saleswise, in the United States.

In 1956, American consumers spent \$46 billion for food, making it the sales leader. The runner-up, automobiles, grossed some \$9 billion less. Five million Americans work in some part of food processing, transporting or selling. These people received over \$17 billion in wages and fringe benefits last year.

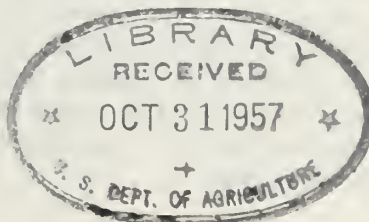
Since there are so many retail food companies such as Kroger, 823 to be exact, there's bound to be some keen rivalry for each sales dollar. Speaking of rivalry reminds me of a story they're telling back in Cincinnati. It seems that there were three churches on one block, a Methodist Church, a Catholic Church and a Synagogue. The minister, priest and rabbi had a friendly rivalry going concerning church attendance which was far too low in all three. After some deep thought, the Methodist decided to "import" a nationally-known singer to Sunday service for a hymn or two. The affair was widely publicized and Mel Tormé sang "The Old Rugged Cross." Attendance jumped from 100 to 250. The priest was not to be outdone and invited Bing Crosby to come to Mass and sing "Ave Maria." Attendance doubled. The rabbi then asked Eddie Fisher to attend his service and Eddie sang "There's A Gold Mine in the Sky." After the service, half the congregation walked out and joined the Air Force!

Produce handling has come a long way in the past twenty-five years. Back in 1932, fresh fruits and vegetables were available but not in the variety or freshness compared to the stores that specialized in perishables. Many items we now take for granted were not available due to the absence of proper refrigeration in transit. Many of today's methods of preservation and freshness were not even known.

*Speech given at the National Association of Produce Market Managers, Rochester, New York, March 21, 1957 by William Moyer, head buyer for Kroger Company, Cincinnati, Ohio.

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In 1932, Mrs. Housewife spent 23 percent of her husband's paycheck for food. Today, she only spends 25 percent of a considerably larger paycheck for food. Today's food is fresher, in more quantity and in more convenient forms including meats, dairy products, fresh produce and prepared foods and mixes of all types. Thanks to the cooperation between science and industry, our food today is cleaner, more nutritious and far tastier than that which graced the 1932 table.

Twenty-five years ago, the average American ate 1,477 pounds of food per year. Today, it's 1,578 pounds, including a larger percentage of fruits and vegetables. Much of today's food comes in prepared form which means less bulk and waste. In terms of cash, average per capita outlays for food have increased from 86 dollars to 405 dollars.

A new look is seen in our modern refrigeration methods. These new methods are responsible for a lion's share of the improvements. They begin right in the field when field heat is removed from the product to stave off deterioration. Vine or tree ripening has been made possible through pre-cooling and the use of refrigeration en route. The use of trucks has shortened shipping time. Much of our California-grown produce now reaches Chicago in four days by truck. By train, this used to take as much as eight days. The advantages are obvious.

There's a new look on American farms. American farmers have made tremendous strides since 1932, helped by the government, science, education and industry. In 1932, it took one farm worker to produce enough food for himself and seven other people. Today, with fewer people on the farms, but with improved equipment and fertilizers, one farmer can produce enough food for himself and 18 other people.

In 1932, only 8 percent of our farms were supplied with electricity. Today, over 90 percent are so equipped to run the automatic milkers, separators, washing machines, conveyors and other labor-saving devices.

Through the cooperation of agricultural extension agents, experiment stations and agricultural colleges, improvements have been made in seed selection and selective grading. Taken together, this means better quality products that will command higher market prices.

There's another kind of new look right here in the Genesee Valley.

Your modern and very practical new Regional Market is a fine example of how utility and convenience can be built into the marketing process. The location, 124 acres of level ground just outside a city, and easily accessible to a large railroad, gives you advantages enjoyed by few other markets.

As I was touring the market, I noticed the facilities in which hundreds of trailer-trucks could be moved about the loading area. As far as I could see, there would be no traffic congestion either in the market area or with the inter-city travel of automobiles to and from Rochester. The planners have gone to great lengths to insure pedestrian-safety. Another feature I appreciated was the huge parking space for the employees and the many visitors who call on the market daily. In Cincinnati, very few businesses are able to provide such services.

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This new market seems to provide every facility for growers, packers, shippers, wholesalers, receivers and buyers. Transactions can be carried out in a fraction of the time needed at most other markets. The designers of this market seem to have taken everybody into consideration. I noticed the motel-type dormitory for truck drivers and was very interested in the fact that banking services can be carried out right on the premises.

The Genesee Market will undoubtedly serve as a model for future markets. This structure has done much to pioneer the streamlined operations that will be needed to feed this country, which will number over 180 million by 1960.

There's also a new look in my jokes. Here's one about the knight and his lady fair. They come out of the castle and see a dragon and the lady says to the knight, "Don't just stand there - slay something." You've got the equipment and location to slay marketing problems in this part of the U. S.

American consumers will demand Genesee-type services from all their markets. Markets throughout the nation must be prepared to receive and distribute food stuffs in all directions with a minimum of time and expense.

Where does the farmer stand in today's modernized marketing structure? Modern transportation, irrigation and warehousing have made almost the entire United States a potential commercial-vegetable growing area. Growers are facing new competition from many quarters. Inquiries from West Virginia, Kentucky, Arkansas and Wisconsin have been coming in to Kroger's general office, asking questions about the marketing of fruits and vegetables. These people are looking for ways to increase their farm income and they want to know how to make the right start.

You cannot overlook advertising. Farmers in general seem to realize the importance of advertising. The outstanding work of the American Dairy Association and other commodity groups has been effective. Back in Cincinnati, the Vegetable Growers Association has even sponsored advertising on city buses. But the best advertising in the world would be meaningless without proper merchandising. These two marketing tools must go hand in hand. Advertising calls attention to the fact that such and such an item is on the market and how much it costs. Merchandising must have that item at that particular market in an attractive, fresh and saleable condition.

The frozen food business provides us with another remarkable success story. I will tell this story in few words--nationally, the sale of frozen foods has increased 232 percent since 1950. Fruits and vegetables account for much of this increase.

Getting back to advertising for a moment, I would like to stress the fact that special promotions result in special sales. The Kroger Company cooperates with other food retailers through the National Association of Food Chains in many merchandising campaigns. The special promotional activities are conducted at the request of commodity groups and farm organizations. Before a commodity can receive the "Big Supply-Best Buy" Seal of the National Association of Food Chains, it must be approved by the association's agriculture committee. An all-out effort is made on a producer-consumer campaign when a serious price-depressing supply exists. Special promotions of less intensity are used when the supply situation is less critical.

In order for promotions to succeed, we must know what Mrs. Consumer wants. This is often difficult to discover. The Kroger Food Foundation, working with the 750 women Consumers Reference Committee, is continually searching for Mrs. Consumer's likes and dislikes. We do know one thing - Mrs. Consumer wants quality and she's willing to pay for it. In produce, particularly the "green" line, she wants freshness and the highest quality available.

We also know that Mrs. Consumer likes to see, feel, and select her own produce items. We cannot place lettuce or tomatoes in a heavy paper bag and expect Mrs. Consumer to buy it. She does have a lot of faith in her favorite supermarket - but blind faith in produce that's hidden is too much to expect. Therefore, a successful package must allow as complete a view as possible. The package must do three things: attract the eye, water the mouth, and clinch the sale. Consumer tests have shown that today's shopper wants -- even demands -- that her produce at point of sale be packaged only in containers permitting complete inspection of the product.

A recent study of the members of the National Association of Food Chains showed that today, over 30 percent of the fresh produce tonnage is sold in prepackaged form. The trend is definitely toward more prepackaging.

Not only is fresh produce being prepackaged, but it is also being prepared for the table just as many other products are. To some people, this effort to make products table-ready is a waste of time. But let's take a look at the economic thinking of today's home-makers. Thirty-four percent of the women of America over the age of 14 work outside the home. The average cost to the homemaker for the time spent by the processors in preparing foods is 45 cents an hour. If you can convince your wife that her time is worth less than 45 cents an hour, you can probably get her to continue using the old methods.

Many stories can be told about the development of new prepared items and how they have added to the sales of these products. The old faithful - the potato - is now being sold in many forms. In fact, 1/6 of the crop is now sold as chips, frozen fries, canned or dehydrated potato flour.

I said before that quality is the number one consideration from the top of the bag to the bottom. There is a potato grower group in the Mid-west that now has a problem of selling their product because a few of their members thought they could slip the "runts" in the bottom of the bag. You can't fool Mrs. Consumer - she's the boss and a pretty smart one. She no longer buys that brand of potatoes. Kroger doesn't either.

The Kroger Company with its Wesco produce buying department is one of the leaders in produce merchandising. Our buyers are continually looking for quality merchandise throughout the country. Two of our men at the General Office are studying the merchandising of self-service produce. They are looking for the most economical and effective ways of putting the package at the point of sale. We are giving a new look to our merchandising. Judging from last year's sales of \$1 billion 492million, these new concepts seem to be paying off.

Recently, Kroger made a move towards "states' rights" by granting each of its divisions increased power to act on their own.

The very size of a business like Kroger creates special problems and makes this decentralization necessary. We operate through 27 divisions in the middle-west and south. Our General Office acts as coordinator for the activities of the divisions and in no way compels any division to follow General Office merchandising plans. Each division develops its own final plans and runs its own show. In the purchasing of produce, it is felt by the Company that a unified buying effort through its Wesco organization is an advantage to not only the Company but the grower. One buying policy leads to greater integrity in the industry for Kroger. To the grower and marketing agency, it means lower distributive costs. Despite our 30,000 cars plus of produce used in Kroger annually, it has been advantageous to buy certain items at the local division level to insure maximum product freshness.

The erection of your fine Genesee market here in Rochester, with its many conveniences, is not the open door to good product distribution. This market, serving as a distribution point for products from growing areas throughout the country, serving local retailers, jobbers, wholesalers will probably furnish an ever greater function of sectional or national distribution for the growers of this area. The scope of such possibilities presents some problems - or as we call them in Kroger - opportunities that must be faced before the shipping season arrives.

To the local buyer, the kind of packages used for various commodities is important. But to the out-of-town buyer, it is even more important. The distant buyer needs a package that will carry the product to its destination in farm-fresh condition.

There are few items we consider can be shipped to our complete satisfaction in sacks. Because of the high price differential between sacks and crates in some areas, a few Kroger divisions will use, for example, sacked cabbage instead of crates. But by the same token, most divisions, wanting to deliver the ultimate in quality produce, will use crates regardless of price differential.

Some items can be shipped in baskets or hampers. But highly perishable items that bruise or cut easily like peppers and squash need rigid crates or cartons. We feel that rigid containers are a fine investment in the future produce merchandising and incidentally, the future of the grower.

A big discouragement to most buyers, particularly the large chain buyers, is the hodge-podge of packages used by some growing areas. It is not unusual to find, on many markets, some item packed in 5 or 6 different kinds of packages with 4 or 5 different weights or count packs. To a chain, this is "murder." This may or may not be hard to believe, but when a chain sets up its IBM records to ship a universal crate of cucumbers, problems are created when a 2 dozen-carton pack or a 1/2 bushel-basket are the only packages available that day.

So in a market catering to any retail trade, it is important to seek some uniformity in packages. From the standpoint of container supply and cost with volume purchase, it is a big advantage to the grower, also.

Preparation for shipment is also important. To have block and snow ice available is a big advantage. And for most items, precooling is a requisite in delivering quality produce in good condition to Mrs. Housewife.

And if you think that a wide variety of containers is a problem to the chain, lack of uniformity in packaging is even more discouraging to a buyer. An 80-90 count pepper should be fairly uniform in not only count but also in size from one container to another. More and more, as we move toward greater self-service in produce, we have found greater sales of produce can be attained by piece pricing items such as peppers, squash, cucumbers and cabbage. This kind of merchandising tells the customer immediately the cost of that item -- or the salad she had in mind, eliminating many trips to the scale. But again, uniformity in size is a "must."

The availability of transportation facilities is always important, whether it means shipping produce 25 or 2500 miles. A market must have good rail and trucking facilities, good equipment and responsible drivers as well as readily-available, empty reefers for rail shipment. After all, when a buyer commits himself on the quality of produce, he wants it to arrive on time.

A consistently high quality product is of prime importance to every buyer. There are few things that give us such a Prod-ache as irregular quality. As far as fresh produce is concerned, there is a tendency to "just get by" in packing the produce. These people take advantage of every tolerance permitted by U. S. grades. While a field man for the Company myself a number of years ago, I had occasion to work with growers or associations that marketed crops. I always had to be guided by U. S. grades, but the easiest explanation for quality produce that I could ask a grower was very simply, "Would you or your wife buy this if she went to a store?" Marginal packers, like marginal growers, are becoming a thing of the past. When a merchandiser knows he can depend upon receiving a quality product for his merchandising plan, he is more likely to support that deal or shipping area than one that is just trying to get by with a little of the bad mixed with the good. We have never found a substitute for quality in appealing to Mrs. Housewife for the fresh fruit and vegetable portion of her food dollar.

It is now _____ P. M. By this time tomorrow afternoon, there will be 7,000 additional hungry mouths to feed. According to the latest census figures, we have passed the 170 million mark. This country is growing at the rate of one and a half Canadas each decade! It looks like food will become an even better business and fresh produce will get its share.

The process of bringing produce from the farm to the table involves considerable handling. Much progress has been made in automatic washing, sorting and packaging which has improved the quality considerably. Products have been palletized in our warehouses making them movable by fork lift trucks. All of us in the food industry are watching the development of electronics. Stores may send their orders on tapes. The items will be selected electronically and all billing and record keeping will be done by mechanical brains.

Preservation of produce has seen much development in recent years. Refrigeration has made many changes in food processing. Now, experiments are underway in the field of atomic radiation of food. Scientists have demonstrated that food can be preserved without cooking, canning or freezing. The secret is a shower of Beta and Gamma rays from an electronic gun. Wrapped in air-tight wrappers, this food will keep almost indefinitely with no other treatment. This method can be used even when the food is packed in shipping containers. Atomic radiation of food is still in the test stage. Flavor and color deterioration are yet to be overcome.

Radiation will prevent sprouting in onions and potatoes. Mold spores on produce can be destroyed in the same manner.

The Armed Services and private industry are hard at work, solving the mysteries of radiation. Kroger's Food Foundation is keeping in close touch with these tests. This process may be completed within five years for some food products. In the meantime, human "guinea-pigs" are eating atomic -showered foods to make sure the process is wholesome.

When this process has been perfected, another revolution will have taken place in the food industry, which has already witnessed more revolutions than a Central American "republic." Food losses due to spoilage will be cut drastically. Much of the refrigeration costs will be eliminated.

Each day finds more constructive uses for atomic power. We can look for new and inexhaustible power supplies. This cheap power will turn barren deserts into fertile crop-producing areas. Much of the world's misery will be eased. Famine will be nothing more than a bad memory and a large step will be taken towards a permanent world peace. At least this is our sincere hope.

I would like to continue on this subject since it is something in which I have more than a passing interest, but like the Egyptian mummy, I'm pressed for time.

In closing, I would like to leave a word of advice and a compliment. Our marketing and distributive structure for fresh produce in the U. S. is built on an ever-flowing supply of produce coming from the farms, through the markets and warehouses and retailers to the eventual consumer. Fast leaving the picture in the matter of distribution -- but not quite fast enough -- is the speculation with these perishable products in which we are all interested. We are all in business for ourselves and we would all like to sell at the highest prices, but holding back produce for protracted periods of time, seeking only the high dollar, disrupts the distributive channel. So many times growers have sought my opinion on whether they should hold their potato crop -- or an apple crop. I have never advertised myself as a master-mind, but always suggest that when a person has a little speculative blood and he has a 4,000-bushel crop which he feels will remain in good condition for 4 months, he should market a minimum of a thousand bushels a month. This satisfies his speculative spirit and still permits orderly movement of product. Worse than speculation going on daily with crops that should be moved now.

A head of lettuce or a stalk of celery has only one period of time for marketing -- when it is in its full bloom of quality. It is this kind of merchandise, if made available to the retailer and housewife regularly, that will stimulate sales for the fresh instead of driving the customer to canned or frozen product.

I wish I could spend more time touring this fine city and the new market. I have seen much, but I can't help feeling that I have only scratched the surface. What I have seen has impressed me. Genesee Valley is truly a look into tomorrow.



